

**FILED**

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**Pump Systems Management, Inc.**

**JUN 13 2024**

06/13/24

**Profit & Loss**

**CLERK, U.S. BANKRUPTCY COURT  
NORTHERN DISTRICT OF TEXAS**

Accrual Basis

**January through May 2024**

	<u>Jan - May 24</u>
Ordinary Income/Expense	
Income	
40700 · Sales	152,605.75
Total Income	152,605.75
Cost of Goods Sold	
50000 · Cost of Goods Sold	96,051.75
Total COGS	96,051.75
Gross Profit	56,554.00
Expense	
62000 · Bank Charges	5.00
67000 · Insurance expense	15,000.00
68500 · Legal and Professional Exp	270.00
72000 · Payroll Tax Expense	-113.88
72500 · Penalties and Fines Exp	51.00
Total Expense	15,212.12
Net Ordinary Income	41,341.88
Other Income/Expense	
Other Expense	
Obsolete Inventory Adjustment	177,000.00
Total Other Expense	177,000.00
Net Other Income	-177,000.00
Net Income	<u><u>-135,658.12</u></u>

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06/13/24  
Accrual Basis

**Pump Systems Management, Inc.**  
**Balance Sheet**  
**As of May 31, 2024**

	May 31, 24
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
10100 · First United Bank	-4,392.74
10200 · Operating	110.02
10400 · Petty Cash	50.00
<b>Total Checking/Savings</b>	<b>-4,232.72</b>
Accounts Receivable	
Other Receivable	299.45
11000 · Accounts Receivable	1,219,687.37
<b>Total Accounts Receivable</b>	<b>1,219,986.82</b>
<b>Other Current Assets</b>	
Other Intercompany Items	-50.00
11200 · Inventory Asset	298,512.30
14213 · INTERCOMPANY RPM	-49,323.03
14214 · INTERCOMPANY RTC	395,366.54
<b>Total Other Current Assets</b>	<b>644,505.81</b>
<b>Total Current Assets</b>	<b>1,860,259.91</b>
<b>TOTAL ASSETS</b>	<b>1,860,259.91</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
20000 · Accounts Payable	1,155,887.21
<b>Total Accounts Payable</b>	<b>1,155,887.21</b>
<b>Other Current Liabilities</b>	
BancFirst Default Interest	800,000.00
Intercompany REECO Liability	142,168.35
Intercompany RENTZEL PROP Liab	4,110,373.42
Intercompany RPM Liabiltiy	796,546.56
Kabbage	69,601.12
Loan from Rentzel Prop	120,853.88
24000 · Current Portion LTD	108,622.80
<b>Total Other Current Liabilities</b>	<b>6,148,166.13</b>
<b>Total Current Liabilities</b>	<b>7,304,053.34</b>
<b>Long Term Liabilities</b>	
BancFirst 16267500 Equipment	96,050.58
BancFirst 16267600 LOC	678,643.47
27900 · Less Current Portion	-108,622.80
<b>Total Long Term Liabilities</b>	<b>666,071.25</b>
<b>Total Liabilities</b>	<b>7,970,124.59</b>
<b>Equity</b>	
30010 · Common Stock	1,000.00
30020 · Paid-In-Capital	122,560.52
39000 · Retained Earnings	-5,033,251.39
39100 · SHAREHOLDERS DIST	-1,064,515.69
Net Income	-135,658.12
<b>Total Equity</b>	<b>-6,109,864.68</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,860,259.91</b>

### **History of Pump Systems Management, Inc.**

On May 14<sup>th</sup>, 1997 Pump Systems Management, Inc. (PSM) was formed to provide consulting and pump distribution sales and service to the Industrial, Mining and Municipal Water markets in the southwestern United States. Among dozens of clients, PSM's customer base included the City of Amarillo, TX. City of Santa Fe, NM. City of Gallup, NM. The City of Scottsdale, AZ. City of Edmond, OK. Phelps Dodge (Copper) Morenci, AZ. City of Tucson, AZ. City of Chandler, AZ the IOCHEM Corporation (Iodine), BASA Resources, Apache Corporation, and Nucor Steel.

In 1998, the first full year of operations, PSM achieved \$1,119,992.00 in revenue. From Fiscal Year (FY) 1998 to FY 2023, PSM had achieved \$80,204,914.00 in gross revenue or \$3,208,196.56 average revenue per year. During the same period of time, PSM grew from two (2) employees in 1998 to twenty-six (26) employees with peak annual revenue of just over \$8,030,000.00.

In 2018, a major customer of twenty-one (21) years, breached a contract with PSM leaving PSM with over \$1,200,000.00 in dedicated inventory plus the bank debt that was incurred to purchase the inventory for said customer. In addition to the inventory cost, PSM's overhead cost included but was not limited to our employees (service technicians, engineers), office/shop lease, equipment, service vehicles and service tooling.

In 2019, BancFirst filed a law suit against PSM and by early 2020, COVID severely impacted our markets and business. PSM did not take money from the Payroll Protection Plan (PPP) or the EIDL. As a result of unexpected loss of revenue due to the breach of contract, and several years of expensive litigation coupled with impact of COVID on our business, PSM has had to restructure its business.

Currently, most of our customers markets are experiencing record high growth and prices for their products. As a result of these very favorable "tail winds" activity across all markets is very high. With the combination of excellent market activity coupled with the significant reduction in overhead expenses plus restructuring under the Small Business Recovery Act Chapter 11 Subchapter V, we reasonably expect to refocus on our business opportunities, rebuild PSM, and return to long term growth and profitability.